

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF
THE MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
OF THE CITY OF MIAMI BEACH
September 11, 2012

Chairman Boyd called the meeting to order at 10:16 a.m.

Board Members present were as follows:

James Boyd	Hilda Fernandez	Carla Gomez
Jorge Gomez	Warren Green	Ray Horday
Richard McKinnon		Patricia Walker

Members absent - Jonathan Sinkes

Also present were:

Alison Bieler	Legal Counsel
Rick Rivera	Pension Administrator
Robert Martinez	Assistant Administrator
Bill Cottle	Fund Evaluator
Peter Fisher	Investment Manager, Wellington
Ellen Chae	Investment Manager, Wellington
Zander Grant	Investment Manager, Wellington
Bart McMurry	Investment Manager, ICC
Steve Stack	Investment Manager, ICC
Ryan Hart	Investment Manager, PIMCO
Steven Jones	Investment Manager, PIMCO
Nishant Upadhyay	Investment Manager, PIMCO
Timothy Hartch	Investment Manager, BBH
Dean Allen	Investment Manager, BBH
Frank Rodriguez	Disability applicant
Richard Sicking	Attorney for disability applicant
Robin Porter	Human Resources Admin I
Scott Sandelin	Sales Associate, Marcus & Millichap

CONSENT AGENDA

Ms. Gomez pointed out several errors in the August 7, 2012 board minutes for approval. The Administrator said he would make the necessary corrections to the minutes.

A motion was made by Mr. Green duly seconded by Ms. Gomez, and with all in favor it was unanimously

RESOLVED that consent agenda be approved as corrected.

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C-1 The Minutes of the August 7, 2012 board meeting was approved as corrected.

C-2 New Members were approved as follows -

<u>NAME</u>	<u>ID #</u>	<u>CLASSIFICATION</u>	<u>Union</u>	<u>DOH</u>	<u>Probation Completion Date</u>
Mark Williams	20076	Parks - Urban Forrester	Uncl	8/6/2012	N/A
Katiria Figueroa	20066	Office Associate II	Uncl	7/16/2012	N/A
Georgette Daniels	20075	Snr Mngmnt & Budget Officer	Uncl	8/6/2012	N/A
Miguel Romero	19722	Code Compliance Officer 1	CWA	2/23/2011	2/23/2012
Lazaro Remond	19755	Code Compliance Officer 1	CWA	3/15/2011	3/31/2012
Richard Hickey	19225	Dispatcher Trainee	CWA	4/14/2008	8/15/2012
Jennifer Lasso	19894	Office Associate III	Uncl	8/6/2012	N/A
Lourdes Rodriguez	20083	Procurement Coordinator	Uncl	8/16/2012	N/A

C-3 New Retiree Allowances were approved as follows -

<u>Name</u>	<u>Date</u>	<u>Retirement Type</u>	<u>Monthly Amount</u>
Efren Blanc	9/01/2012	J&S 66 2/3%	\$ 1,605.24
Efren Blanc	9/01/2012	PLOP	\$ 24,427.00
Donna Lewis	9/01/2012	Vested Ret. Allowance	\$ 812.99
Jose Cruz	10/01/2012	Vested Ret. Allowance	\$ 9,876.91
V. Davila	9/01/2012	Ordinary Service Ret.	\$ 1,450.65
V. Davila	9/01/2012	PLOP	\$ 51,610.00
Antonia Bucacci	10/01/2012	Ordinary from DROP	\$ 6,827.79
Pedro Farias	10/01/2012	Ordinary from DROP	\$ 3,751.28
Mercedes Roviroso	10/01/2012	Ordinary from DROP	\$ 3,041.70
Nelson Hobbs Jr.	10/01/2012	Ordinary from DROP	\$ 5,701.93
Angel De La Salas	10/01/2012	Ordinary from DROP	\$ 4,968.54
Alfredo Mendez	10/01/2012	J&S 66 2/3% from DROP	\$ 2,057.51
Charles Adams	10/01/2012	J&S 66 2/3% from DROP	\$ 4,984.66
Jorge Gomez	10/01/2012	J&S 100% from DROP	\$ 11,526.84
Mercedes Garcia	10/01/2012	J&S 100% from DROP	\$ 4,224.16
Kent Bonde	10/01/2012	J&S 66 2/3% from DROP	\$ 8,663.66
Sharon Saballos	10/01/2012	J&S 66 2/3% from DROP	\$ 3,926.04

C-4 New Pensioner Allowances were approved as follows -

<u>Name</u>	<u>Date of Retirement</u>	<u>Ret. Type</u>	<u>Dependent upon</u>	<u>Amount</u>
Carol Baldwin	8/01/2012	66 2/3%	Cornelius Baldwin	\$1,580.02

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C-5 Requests for Lump Sum Refunds were approved as follows -

<u>Name</u>	<u>Separation Date</u>	<u>Amount</u>	<u>Reason</u>
Carol Zablotny	08/17/2012	\$ 814.84	Resignation
Robert Bonaguidi	07/20/2012	\$ 19,443.46	Resignation
Erica Dedios	07/15/2011	\$ 19,046.28	Resignation
Vicente Santiesteban	08/17/2012	\$ 12,850.84	Terminated

C-6 Request for Accumulated Contribution Refund for a Named Beneficiary was approved as follows - (None)

C-7 Purchases of Creditable Service Time were approved as follows

<u>NAME</u>	<u>DATE</u>	<u>YEAR PURCHASED</u>	<u>HOURS USED</u>	<u>CASH USED</u>	<u>Total Buyback \$</u>	<u>Buyback Type</u>
Gustavo Cabana	8/15/2012	0.51	116.31	\$ -	\$ 2,760.77	Probation

C-8 Request for up to Two (2) years of additional creditable service were approved as follows -

<u>Employee Name</u>	<u>Private Sector</u>	<u>Prior Military</u>	<u>Prior Gov't</u>	<u>Creditable Service Applying for</u>
Estelle E. Barr	x			2.0
Jorge Winter	x			2.0
Jeffrey Singer	x			2.0
David Dykes	x			2.0
Lily Sand	x			2.0
Juan Garcia	x			2.0
Julian Fernandez	x			2.0

C-9 DROP applicants were approved as follows -

<u>Name</u>	<u>Effective</u>	<u>Estimated Monthly Benefit</u>	<u>Last DROP Pmt.</u>
Demar Woodson	9/1/2012	\$ 6,665.00	08/01/2015
Donald Papy	9/1/2012	\$ 12,600.00	08/01/2015
Pauline Walters	9/1/2012	\$ 5,587.49	08/01/2015
Roberto De Guzman	9/1/2012	\$ 3,112.69	08/01/2015
Willie Sanders	10/1/2012	\$ 7,605.94	09/01/2015

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**C-10 Lump Sum Refunds Paid since the last meeting
were approved as follows -**

<u>Lump Sums Paid AUGUST 2012</u>			
<u>DATE</u>	<u>NAME</u>	<u>CK#</u>	<u>AMOUNT</u>
8/10/2012	LUMP/SUM -ANGEL PAULINO	113382	\$ 915.30
8/10/2012	945 TAX DEPOSIT - ANGEL PAULINO	xxxx	\$ 228.83
8/13/2012	LUMP/SUM -KATHERINE KLOSE	113383	\$13,650.59
8/13/2012	945 TAX DEPOSIT -KATHERINE KLOSE	xxxx	\$ 3,412.65
8/13/2012	LUMP/SUM -LAURA REESE -IRA ROLLVOVER	113384	\$10,439.14
8/13/2012	LUMP/SUM -SUSANA ALONSO	113385	\$12,000.00
8/13/2012	945 TAX DEPOSIT - SUSANA ALONSO	xxxx	\$ 3,000.00
8/13/2012	LUMP/SUM - SUSANA ALONSO IRA-ROLLOVER	113386	\$32,446.81

C-11 The Financial Reports were approved as presented.

C-12 Requests for Payment

Aug-12

ADMINISTRATIVE EXPENSES

Legal

Steve Cypen- Legal Services

Legal services rendered for the month of August 2012 \$ 5,000.00

Bookkeeping

Joan Wall- Bookkeeping

services rendered for the month of August 2012 2012 \$ 350.00

Actuary Fee

GRS- Actuary

Services rendered through 7/31/12 per inv.# 119356 \$ 1,406.00

Insurance

Wind Policy Insurance- Citizens Property Insurance

Policy Premium for through 10/12/2013 Policy# 1480880 \$ 210.00

Medical Board

Medical Exam- Cornel Lupu, MD

Medical exam for disability applicant Frank Rodriguez \$ 375.00

Medical Exam/Chairman- Frank Fuentes, MD

Medical exam for disability applicant Frank Rodriguez \$ 500.00

Medical Exam- Jose Vazquez, MD

Medical exam for disability applicant Frank Rodriguez \$ 275.00

Office, etc.

Office Supplies- Office Depot

Per inv.# 621217153001 \$ 118.82

Storage - IDD

Monthly storage fee per inv.# 0070535 \$ 49.13

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Office Maintenance- CMB Property Management

Monthly maintenance June 2012 Per inv.# 00031543 \$ 1,196.00

Printing & Postage- CMB Central Services

July 2012 Per inv.# 00031360 \$ 800.17

Computer & Phone Use- CMB Information Technology

June- Aug. 2012 Inv.# 00031426,00031430,00031438,0031604 \$ 11,168.00

Investment Consultant Fees

Investment Managements Fees- WHV

Qtr. Ending 6/30/12 Per inv.# 2125,2123 \$ 81,569.00

Investment Managements Fees- WHV Emerging Markets

Qrt. Ending 6/30/12 Per inv.# 46982 \$ 8,712.00

Investment Management Fees- Wellington

Qtr. Ending 6/30/12 Per Inv. # 526087 \$ 50,232.55

Custody Fees

Fiduciary International - Quarterly Custody Fee

RH ADR Per inv# S14800192427 dated 8/7/12 \$ 6,055.45

Fiduciary International - Quarterly Custody Fee

WHV Mgmt. Per inv.# S14800193377 \$ 842.61

C-13 Requests for Payment (Conferences)**Conv/Seminars/Dues/Etc**

1 Conference & Education- FPPTA Trustees School Registration

R. Rivera, E. Herman, J. Sinkes, W. Green, J. Boyd, C. Gomez, R. McKinnon \$ 3,150.00

2 Conference & Education - Hyatt Regency

Hotel Reservations for Rick Rivera FPPTA Trustees School \$ 525.00

3 Conference & Education- Hyatt Regency

Hotel Reservations for Echo Herman FPPTA Trustees School \$ 525.00

4 Conference & Education- Hyatt Regency

Hotel reservations for James Boyd FPPTA Trustees School \$ 525.00

5 Conference & Education- Hyatt Regency

Hotel reservations for Jonathan Sinkes FPPTA Trustees School \$ 700.00

6 Conference & Education- Hyatt Regency

Hotel reservations for Warren Green FPPTA Trustees School \$ 700.00

7 Conference & Education- Hyatt Regency

Hotel reservations for Carla Gomez FPPTA Trustees School \$ 525.00

8 Conference & Education- Hyatt Regency

Hotel reservations for Richard McKinnon for FPPTA Trustees School \$ 700.00

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REGULAR AGENDA

R-1 Deferred Items - (None)

R-2 New Items -

Chairman Boyd said that he would like to start the meeting discussing Item R-2(D), CVS/Walgreens investment.

D. CVS Walgreens investment by Richard McKinnon - Mr. McKinnon introduced Scott Sandelin, sales associate for Marcus & Millichap, a real estate investment firm. A discussion ensued regarding the correct protocol for outside firms to make presentations to the Board. Mr. McKinnon said that he had followed correct protocol when he forwarded the real estate information to the Administrator and asked him to place it on the agenda. A discussion ensued. Ms. Bieler said that the Board should have a policy in place for 3rd party presentations to the Board. Mr. McKinnon requested that Mr. Sandelin be heard since he was already in attendance.

A motion was made by Mr. Green to allow Mr. Sandelin to make a presentation to the Board. The motion was seconded by Mr. McKinnon and with Mr. Green, Mr. McKinnon and Mr. Horday in favor and Ms. Gomez, Mr. Gomez, Ms. Fernandez, Ms. Walker and Chairman Boyd against, the motion did not carry.

Chairman Boyd requested that the topic; protocol for presentations by 3rd party investment managers be placed on next month's board agenda for discussion.

A. Frank Rodriguez informal disability hearing - Richard Sicking, Mr. Rodriguez's attorney, went over the medical evaluation summary from the medical board and the reports of physical examiner from the board doctors. He said that it is a consensus of the medical board that Mr. Rodriguez sustained his injuries while performing his usual duties at work and that he is physically incapacitated to perform the essential functions of his job. He said that the medical board concurred that Mr. Rodriguez's incapacity is most likely permanent and job related.

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A discussion ensued regarding whether the Human Resources department had been notified about Mr. Rodriguez's disability application and whether the City had attempted to accommodate Mr. Rodriguez's based on his work restrictions. Ms. Bieler said that the Memo from the City's risk manager on page 4 of the disability package stated that Mr. Duane Knecht in property management had advised the Human Resources Department that they did not have a position available to accommodate Mr. Rodriguez's work restrictions. Ms. Bieler stated her opinion that all was in order to grant the disability to Mr. Rodriguez.

A discussion ensued as to whether the City had attempted to accommodate Mr. Rodriguez's work restrictions in other City departments besides property management. The Administrator read the email he had composed to the Human Resources department advising the City of Mr. Rodriguez's disability hearing on September 11, 2012 and their ability to accommodate Mr. Rodriguez based on his work restrictions.

A motion was made by Mr. Green duly seconded by Mr. Horday, and unanimously

RESOLVED that disability applicant Frank Rodriguez's service connected disability application be granted based on the disability being total, permanent and service connected.

B. Forfeiture rules and proceedings by Alison Bieler - Ms. Bieler reviewed the Miami Beach Employees' Retirement Plan Forfeiture Rules of Procedure and Forms drafted by Ms. Bieler's office, Cypen & Cypen. A discussion ensued.

A motion was made by Mr. Green duly seconded by Ms. Walker, and unanimously

RESOLVED that the Miami Beach Employees' Retirement Plan Forfeiture Rules of Procedure and Forms, drafted by the Fund's attorney Cypen & Cypen, be adopted as presented.

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- C. GSK Engagement letter for external audit for fiscal year ending September 30, 2012 - The Administrator provided the Board the engagement letter from GSK dated July 2, 2012. He said that in the engagement letter GSK had capped out-of-pocket direct fees at \$26,000, a \$1000 fee increase from the prior year. The Administrator said that the historical audit fee since hiring GSK had been \$21,000 in 2008 and \$25,000 the last 3 years. A discussion ensued regarding whether to accept the engagement letter from GSK with the \$1000 fee increase.

A motion was made by Mr. McKinnon duly seconded by Mr. Green, and unanimously

RESOLVED that Chairman Boyd be authorized to execute the GSK Engagement Letter dated July 2, 2012.

Ms. Fernandez left the meeting and participated via telephone.

R-3 Other Business

- A. The Administrator's Report - This item was not discussed at the meeting.

R-4 Large Cap Core Equity Manager Search

- A. Bill Cottle, Milliman Inc. - Mr. Cottle went over the Large Cap Core Equity Manager Search report he prepared for the meeting. The Board listened to the presentations of ICC, Brown Brothers, PIMCO & Wellington. A discussion ensued. Mr. Cottle recommended terminating ICC for poor investment performance and hiring Wellington and PIMCO. The Board did not want to hire more than one (1) investment manager at this time. The Board decided to hire PIMCO based on superior historical investment performance and a unique investment style.

A discussion ensued as to whether the Fund should select the PIMCO StocksPLUS total return Fund separate account that was valued daily with a fee of 64 basis points or the PIMCO Institutional Large Cap StocksPLUS total return Fund, LLC valued monthly with a performance based fee with a minimum fee of 22.5 basis points. A discussion ensued.

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A motion was made by Ms. Walker duly seconded by Mr. Horday, and unanimously

RESOLVED that ICC Investment Management Company be terminated.

A motion was made by Ms. Walker duly seconded by Ms. Gomez, and unanimously

RESOLVED that the PIMCO Institutional Large Cap StocksPLUS total return Fund, LLC be hired to replace ICC Investment Management Company.

A discussion ensued regarding an investment strategy the Board should have in place in case the market collapses as it did in 2008. The Administrator was instructed to place this on next month's board agenda.

R-5 For Your Information

Chairman Boyd and Ms. Bieler reviewed For Your Information.

There being no further business to discuss, a motion was made by Ms. Walker duly seconded by Ms. Gomez and unanimously

RESOLVED That the meeting be adjourned. The meeting was adjourned at 2:22 p.m.

James Boyd, Chairman

Hilda Fernandez, Secretary